

LAND USE PLANNING AND INFRASTRUCTURE

A Briefing Paper

for the

Conference Committee on AB 857 (Wiggins) and SB 741 (Sher)

June 12, 2002
State Capitol, Room 126
Sacramento, CA 95814

I. CONFERENCE COMMITTEE CHARGE

The AB 857 (Wiggins)/SB 741 (Sher) Conference Committee was established to update California's land use and infrastructure policies and approaches. This report describes the problems to be considered by the conference committee and several approaches to address them.

The charge of the conference committee is threefold. First, at the June 12th hearing, the committee will review and receive public input on the four approaches to addressing California's land use and infrastructure policies and practices, and determine a preferred approach. Second, staff will return with options within that approach for the committee to consider and refine in one or more follow-up meetings. Lastly, the conference committee will consider signing a conference report to include the finalized details, to go back to the floors for concurrence.

II. PROBLEM

There is widespread agreement that California's populace will continue to grow significantly over the next two decades. The most recent projection by the Department of Finance is that state population will grow by 11.3 million people, from 34.5 million in 2000 to 45.8 million in 2020¹.

There is also increasing agreement among a diverse array of groups statewide that serious growth-related problems face California, including:

- **Aging and insufficient public infrastructure**
Many older communities throughout California have deteriorating streets, schools, parks, sewers, water systems, and other infrastructure, but cannot come close to meeting basic maintenance and rehabilitation needs. At the same time, newer developing communities in the suburbs are having trouble keeping up with the infrastructure demands of new residents.
- **Housing in short supply at high prices**
California's affordable housing shortage is increasingly evident. The median home price has risen 26% over the previous year, and affordability has dropped to 32% of California households.² On average, a worker would have to work full-time at \$18.40 per hour, or 294% of the minimum wage, to afford a two-bedroom apartment at the state's fair market rent.³
- **Traffic congestion**
Traffic has become a major concern for individuals and businesses alike. An April 2002 poll by the Public Policy Institute of California showed 65% of Central Valley residents had concerns about traffic congestion on freeways and roads – 33% felt it was a big problem, and another 32% felt there was some problem.⁴ California has three of the ten most congested

¹ Interim County Population Projections, Estimated July 1, 2000 and Projections for 2005, 2010, 2015 and 2020, Department of Finance.

² California Association of REALTORS®

³ Out of Reach 2001: America's Growing Wage-Rent Disparity, National Low Income Housing Coalition.

⁴ PPIC Statewide Survey: Special Survey of the Central Valley, April 2002, Public Policy Institute of California.

regions in the country, Los Angeles, San Francisco-Oakland, and San Diego⁵, causing increasing losses in economic productivity.

- **Imbalance of jobs and housing**

From 1994 to 2000, California's urban centers added far more jobs than housing. Although a ratio of 1.5 new jobs to 1 new housing unit is generally considered balanced, new jobs per each new housing unit ranged from 2.9 in San Bernardino and 3.2 in Sacramento to 9.4 in Los Angeles and 15.8 in San Francisco during that period.⁶ Although the economy has slowed, housing production in job rich areas has not caught up with demand, leading to longer commutes from available, affordable housing in other areas.

- **Increasing inequity and social separation.**

Both central cities and aging suburbs, home to 51% of California's metropolitan population, have high overall poverty rates, high service, educational and employment needs, aging infrastructure and housing, and a lack of fiscal capacity and investment to address those problems. Poverty is increasing most quickly in developing suburbs, home to 32% of population. There is a high degree of segregation, both by income and race, in California's housing and schools, which worsened in all of California's seven largest regions in the 1990s. From 1992-97, San Francisco, San Diego, and Los Angeles had the first, fourth, and eighth largest increases in school racial segregation in the country.⁷

- **Air and water pollution**

The increase in pavement for highways, roads, parking lots has increased the toxic runoff that pollutes the state's water sources and coasts. Commercial parking lots and high traffic streets contribute a disproportionate level of metals and petroleum hydrocarbons to local watersheds, affecting water quality.⁸ Air quality in California regions is among the worst in the nation. For example, all major metropolitan areas in California were designated nonattainment areas in 2001 for failing to meet air quality standards for ozone pollution.⁹

- **Disappearing farmland and open space.**

In the 15 years from 1982 to 1997, California's farmland was reduced by nearly 4.5 million acres.¹⁰ In just the two years from 1996-98, 52,408 acres of agricultural land was urbanized – an area equal to a 75-acre auto mall being built every day on farmland.¹¹ Low-density urbanized development of natural areas outside cities and towns is the leading cause of species imperilment in California, threatening 188 of the state's 286 listed species.¹²

⁵ 1999 Mobility Study, Texas Transportation Institute

⁶ Locked Out: California's Affordable Housing Crisis, California Budget Project, 2000.

⁷ California Metropatterns: A Regional Agenda for Community and Sustainability in California, Metropolitan Area Research Corporation, April 2002.

⁸ Beach, Dana, Coastal Sprawl: The Effects of Urban Design on Aquatic Ecosystems in the United States.

⁹ 2001 State and National Area Designations Maps of California, California Air Resources Board.

¹⁰ 1997 Census of Agriculture, US Department of Agriculture, and American Farmland Trust.

¹¹ Farmland Conservation Report, 1996-98, California Department of Conservation, June 2000.

¹² Paving Paradise, National Wildlife Federation, July 2001.

Many of these problems can be traced to California's pattern of growth over many decades. Local development has too often used land inefficiently for separate, low-density uses that have meant longer commutes and a mismatch between jobs and housing, left behind declining communities and solidified poverty and social separation, and paved over precious agricultural and natural resource lands and open space.

State leadership in addressing California's growth challenges is warranted by widespread public concern over the state's growth and its potential for worsening California's existing problems. In the most recent survey conducted by the Public Policy Institute of California, Central Valley residents ranked population growth and sprawl as the most serious issue facing the Valley.¹³ In November 2001, a statewide poll by PPIC also showed strong concern about growth.¹⁴ Without state action, "ballot box" planning at the local level and continued public earmarking of state funds, may limit California's ability to maintain and create quality communities statewide.

III. A MORE PROMISING SCENARIO FOR CALIFORNIA

The state could encourage a more promising scenario for California through the following policies:

- **Invest in existing developed areas.** End the cycle of decline in older communities. Revitalize distressed low-income communities, while avoiding displacement of existing residents and local businesses. Maximize the effectiveness of infrastructure investments and emphasize increased capacity, maintenance and rehabilitation of existing infrastructure.
- **Create more livable communities and reduce the need for costly new infrastructure.** Encourage compact growth patterns that form complete, balanced and integrated communities containing housing, shops, work places, schools, parks, and civic facilities. Integrate new growth into the existing community fabric. Encourage project designs that reduce auto dependency, support vibrant city, town, and neighborhood centers and enhance each community's historic, cultural, and natural assets.
- **Improve Californians' opportunities and choices.** Increase social and economic equity and opportunity for all residents. Expand job and wealth-producing opportunities in existing developed areas. Provide an adequate choice of housing that matches diverse workforce and household needs and is affordable to all Californians. Provide people and businesses affordable, reliable and convenient transportation choices that will improve mobility for people and goods, and reduce congestion.
- **Maximize the protection of farmland, green space and a healthy environment.** Protect California's farm, range and forestlands from the pressure to convert to other uses. Preserve open space, watersheds, environmental habitats and agricultural lands. Protect air and water quality and provide adequate urban and rural green space for recreation, water recharge and wildlife.

¹³ PPIC Statewide Survey: Special Survey of the Central Valley, April 2002, Public Policy Institute of California.

¹⁴ PPIC Statewide Survey: Special Survey on Land Use, November 2001, Public Policy Institute of California.

III. FOUR APPROACHES TO ADDRESSING CALIFORNIA'S LAND USE POLICIES

This section discusses four basic approaches, on the spectrum from less to more policy direction, that the conference committee may wish to consider in addressing California's land use policies, along with some typical arguments in support of and against each approach. The approaches could be evaluated in terms of achieving most efficiently and effectively the policy improvements described above.

1. STATUS QUO APPROACH

This approach would require the state to do nothing significant beyond existing policies.

ARGUMENTS IN FAVOR

The State doesn't have the money to update land use policies. The state's weak fiscal condition makes it difficult to finance an update the state's land use policies, and makes it harder for local governments to update their own plans.

Local governments and residents often prefer the status quo. Many local governments and residents prefer strong local control, and seek to keep the current system unchanged.

Local governments have many tools to make changes in their communities and development patterns if they so desire. Local jurisdictions through the planning and zoning process already have significant power to shape their community's growth patterns.

ARGUMENTS AGAINST

The status quo will worsen existing problems. Declining communities, social and economic inequity, aging and inadequate infrastructure, long commute times, high housing prices, farmland loss and air and water pollution will worsen if the status quo is maintained.

The market and existing land use policies are not adequately meeting consumer needs and preferences. Many existing land use policies have not responded to a strong desire by working families to spend less time commuting and to live in housing that they can afford that is closer to work. Existing practices primarily favor larger single-family homes that are often separated from jobs and services, and other housing choices are limited.

Public dissatisfaction is leading to ballot box planning. Public frustration with existing development patterns has led to a patchwork of local initiatives to control growth and permanently earmark public funds. This trend will continue unless the state shows some leadership in correcting some of the problems.

2. DEREGULATION APPROACH

The deregulation approach concentrates on reducing state and local regulations and reviews of new development, particularly infill, and by reducing legal challenges to development proposals. Examples include reducing time limits on land use decisions, requiring local agencies to streamline development approvals or allow “incentive zoning” in infill and redevelopment areas, requiring certain housing to be approved without local government discretion (“by right”), and minimizing construction-defect litigation.

ARGUMENTS IN FAVOR

Infill currently is not attractive to developers because there are too many hurdles. Aging infrastructure, brownfields, cleanup liabilities, and inadequate school facilities discourage developers from pursuing infill development, even though there is developer interest. Deregulation is necessary to entice developers back into infill areas.

Neighborhood opposition presents challenges to developers. Because infill development is surrounded by other uses, neighborhood concerns more easily develop and can result in more hearings and litigation.

Construction defect litigation has slowed the condominium market. The growth in homeowner association lawsuits has led to unaffordable construction defect insurance, inhibiting compact condominium and townhouse development.

ARGUMENTS AGAINST

Current law already includes time limits and streamlining for various actions. California’s Permit Streamlining Act sets time limits for acting on development projects, includes streamlined procedures and exemptions in CEQA for various types of housing, certain infill and mixed-use projects, and provides incentives such as density bonuses when affordable units are included in a project.

Stifling public comment will create public resentment and backlash. Allowing development to proceed with little review will fuel public resentment and encourage more “ballot box” planning. Current procedures like CEQA review help ensure project impacts are mitigated to resolve neighborhood concerns.

Condo developers contributed to the growth in lawsuits. Shoddy construction by some developers led to growth in construction-defect lawsuits. An improved dispute resolution process was approved last year by the Legislature.

3. LINKAGE/COORDINATION APPROACH

The linkage/coordination approach focuses on updating existing state and local land use plans, policies, and spending consistent with identified state goals. Examples include: establishing goals to guide growth statewide; increasing state and local coordination and planning capacity to achieve those goals; revising state infrastructure spending and other programs to support development and land conservation activities to meet those goals; and developing conflict resolution mechanisms to resolve state and local conflicts over planning and development.

ARGUMENTS IN FAVOR

The state should provide consistent guidance and direction. The state has no common land use goals to bring consistency to state agency policies that affect California's development and land protection efforts. While some state agencies help protect farmland and open space, other agencies are facilitating loss of these lands through, for example, the approval of school sites in agricultural areas, or the approval of freeway interchanges in open space areas. The state should insure its policies and directives are consistent to achieve multiple, identified goals.

Finite state resources should be prioritized for maximum cost-effectiveness. The state's resources are limited. Proper fiscal management suggests that the state should prioritize how it uses its infrastructure dollars so that the benefits of growth are enhanced and important lands protected, while social costs are minimized.

Local control would be protected if the state develops goals and attaches priorities to infrastructure spending. Local governments would still have the ultimate say in deciding where to grow, and would have the option of declining to use state funding and using local funds if they did not wish to meet state criteria for infrastructure funds.

ARGUMENTS AGAINST

Linking policies to funding may be vulnerable to the priorities of the administration. An administration that is not supportive of consistency between policy and funding may ignore the state land use goals and objectives when distributing infrastructure dollars.

Implementing state goals can create complexity. Linking state land use goals and policies may be complex in practice.

Local control could be reduced if local governments desire state funds. With limited options for generating new local funding, local governments may feel they have no other choice but to conform with state policies if they want state funds.

4. STATE-CENTERED APPROACH

The state-centered approach focuses on a more directive role for state government in addressing growth and planning statewide. Examples of such an approach include: establishing a state planning agency, requiring local jurisdictions to establish urban growth boundaries, establishing state requirements for new development within those boundaries, and establishing a state appeals process by which to challenge local land use decisions.

ARGUMENTS IN FAVOR

Urban growth boundaries are clearly understandable. Complexity is avoided and certainty is established when everyone understands that development cannot occur outside a clearly defined area.

Local governments would be better equipped to balance competing needs. Protecting important resource lands and open space often means increasing density elsewhere. A strong state system would strengthen the ability of local governments to approve necessary development even in the face of neighborhood opposition. This opposition would likely decrease because the public can more clearly see beneficial tradeoffs.

Statewide urban growth boundaries would reduce "leapfrog" development. Some local governments currently have urban growth boundaries, but there may be pressure for growth in a nearby community. Uniform, statewide boundaries would promote balanced development between communities, rather than "driving" lower density development to a nearby community.

ARGUMENTS AGAINST

Local control would be diminished. A state-centered approach would give the state more control over local development decisions.

Urban growth boundaries could constrain development. Drawing urban growth boundaries could worsen California's housing shortage if communities do not provide for an adequate supply of affordable housing within the boundaries.

Some property owners would not receive maximum return on investment. If a property is outside the urban growth boundary, that property would be worth less than its potential value if urban growth boundary did not exist.

IV. CALIFORNIA'S EXISTING PLANNING, ZONING, AND DEVELOPMENT LAWS

California has adopted over the years numerous planning-related requirements and policies to guide California's growth and development. California used to be, but is no longer, a leader in state, regional and local planning law. Nevertheless, any of the previously discussed approaches could benefit from building on the state's current planning provisions. Below is a brief overview of current law:

General Plans. State law requires every city and county to adopt a comprehensive *general plan* with seven *mandatory elements*: land use, circulation, housing, conservation, open space, noise, and safety. The general plan is a comprehensive, long-term plan for development of a city or county. Most local governments select 15 to 20 years as the long-term horizon for a general plan. Local officials may also adopt *optional elements* for topics that are important to their communities. For example, 14 counties and 23 cities have adopted optional energy elements as part of their local general plans.

Unfortunately, state law at times hinders improved planning efforts. Planning and Zoning Law sets procedural requirements for public notices, hearings, amendments, and appeals. The general plan is supposed to be the "constitution for all future developments." Yet, a mandatory general plan element may be amended up to four times each year, and each amendment may include more than one change in the general plan, meaning there is not necessarily consistency in planning direction over time. Unlike other states, California also provides no direct financial help and little technical assistance to local planning departments, hampering their ability to update general plans on a regular basis.

State law also contains inconsistent and duplicative planning requirements in, for example, procedures for cities and counties to refer plans to neighboring entities, and for local capital facilities planning. At various times, the state has also suspended various mandates, such as certain housing element requirements during the 1990s, making it confusing and difficult for local governments to comply with the state law in a consistent fashion.

Another hindrance is that state public works projects and permit decisions do not have to follow local general plans, thereby eroding the ability for local governments to implement their plans. State departments can differ from local land use policies when siting state facilities like universities and highways. State school siting requirements also restrict local governments' ability to plan for a community's school needs, and to mitigate a development project's impact on school facilities.

Zoning and building requirements. Zoning ordinances regulate the use of buildings, structures and land between different uses, including the location, height, lot sizes, and bulk. Building codes deal with the safety and structure of buildings and regulate, for example, construction details, use of materials, and electrical, plumbing, and heating. These building codes are based on the type of occupancy.

In addition to the exception for state facilities, state law allows school districts and special districts to override county and city general plans and zoning to carry out their own public works projects, in some cases creating conflicts between local governments over preferred land uses.

California Environmental Quality Act (CEQA). CEQA provides a process for evaluating the environmental effects of a project, and includes statutory exemptions, as well as categorical exemptions in the CEQA guidelines. If a project is not exempt from CEQA, an initial study is prepared to determine whether a project may have a significant effect on the environment. If the initial study shows that there would not be a significant effect on the environment, the lead agency must prepare a *negative declaration*. If the initial study shows that the project may have a significant effect on the environment, the lead agency must prepare an *environmental impact report (EIR)*. Generally, an EIR must accurately describe the proposed project, identify and analyze each significant environmental impact expected to result from the proposed project, identify mitigation measures to reduce those impacts to the extent feasible, and evaluate a range of reasonable alternatives to the proposed project. Prior to approving any project that has received environmental review, an agency must make certain findings. If mitigation measures are required or incorporated into a project, the agency must adopt a reporting or monitoring program to ensure compliance with those measures.

An independent survey of cities and counties found that 94% of their projects resulted in negative declarations and only 6% needed EIRs. Although environmental lawsuits are always controversial, CEQA litigation is extremely rare; cities and counties reported just one suit for every 354 projects.¹⁵

Subdivision Map Act. The Subdivision Map Act provides for the regulation and control of the design and improvement of subdivisions. The act has several purposes, including creation of accurate maps showing boundaries; setting procedures for the contents and processing of tentative, final, and parcel maps, along with uniform mapping standards important for parcel conveyance and title insurance needs; orderly development through the regulation and control of subdivision design and improvement; coordination of subdivisions with general plans and applicable standards for development type and density, public health, and other environmental concerns; and dedication and reservation of areas for public purposes, such as streets and easements for various infrastructure.

The Subdivision Map Act has been amended periodically to lengthen the life of a tentative map, enabling some projects to avoid compliance with conditions relating to, for example, roads, sidewalks, parks, and other infrastructure. Some local governments are also hindered in their efforts to develop orderly plans because of antiquated subdivisions – lots allegedly created from land holdings before the first subdivision map act in 1893 or the first map act providing regulatory authority to local governments regarding maps in 1929. If found to be valid, these subdivisions frequently do not comply with the current local requirements relating to size, location, and conditions that would otherwise apply.

¹⁵ Options and Opportunities for Reforming the California Environmental Quality Act, California Policy Seminar Report, 1995

Vertical Consistency. Zoning, subdivision approvals, use permits, and public works projects must follow the goals, policies, and standards in general plans. This *vertical consistency* requirement means that a local government must zone land for apartments to meet its general plan's goal for affordable housing, and must deny a builder's residential rezoning application if their general plan reserves that land for long-term productive agricultural use.

Regional planning programs. The state has land use authority in four regions. The *San Francisco Bay Conservation and Development Commission* controls land use decisions affecting the Bay and its shoreline. The bi-state *Tahoe Regional Planning Agency* sets land use policy within the Tahoe basin. The *California Coastal Commission* manages land use in the coastal region. Local land use decisions in the Sacramento-San Joaquin Delta must conform to the plan adopted by the *Delta Protection Commission*.

Current law also establishes *local agency formation commissions (LAFCOs)* in each county, and provides for air pollution control districts, regional water quality control boards, regional transportation planning agencies, and other regional entities. A *Council of Governments (COG)* may also be formed through a joint-powers agreement.

State program and infrastructure planning. Instead of adopting a statewide comprehensive plan analogous to a local general plan, state officials prepare about 40 *functional plans* to guide departments' programs, decisions, and projects. The State Department of Water Resources, for example, prepares the California Water Plan.

Comprehensive local plans (*i.e.*, city and county general plans) force local elected officials to confront trade-offs between competing policy goals. Functional state plans (*e.g.*, the California Transportation Plan) allow a state department to pursue its own ends without having to be consistent with other agencies' programs. Coordination and direction for the state's functional plans is supposed to come from the *Governor's Office of Planning and Research (OPR)*. State law directs OPR to coordinate state departments' functional plans. OPR is supposed to direct state departments' policies by issuing the *Environmental Goals and Policy Report* every four years. OPR's last report, *An Urban Strategy for California*, came out in 1978 and is still in effect, but routinely ignored.

The Governor must also establish and annually update a five-year plan for funding infrastructure, to be submitted with the annual state budget. According to the Legislative Analyst, however, "The state lacks a methodology for setting priorities in the context of statewide goals and objectives." The LAO further notes that "the state has no method of ranking the various capitol outlay proposals. Absent such a priority ranking, the Legislature cannot assess infrastructure demands across programs and evaluate the tradeoffs of funding different proposals in order to ensure that the state will get the 'biggest bang for the buck.'"¹⁶

Funding for planning and services. Cities and counties pay for planning and services out of local revenues. As revenue sources have eroded for local governments, it has become

¹⁶ Overhauling the State's Infrastructure Planning and Financing Process, Legislative Analyst's Office, 1998

increasingly difficult for many local governments to plan well for new development, provide adequate community services, and protect important land resources. Developer fees may not cover the full costs of a functioning planning department. Also, other sources of local government revenue have been diminished, including property tax revenues shifted to the educational revenue augmentation fund (ERAF), reduced vehicle license fees that are currently backfilled to local governments but are not constitutionally protected, cigarette tax subventions, sales tax exemptions, and liquor license fees. Proposition 218 has made it more difficult to finance needed services and infrastructure through assessments. Available funds have also been limited for farmland and open space protection.

Recent changes. In the last few years, California has begun on a limited basis to address some growth-related issues through legislation, regulation, and executive order. Examples of these measures include the following:

- House Resolution 23 (Keeley) and Senate Resolution 23 (Solis) of 1999 called upon state officials to follow smart growth principles in addressing the state's future growth and development.
- The State Treasurer led an effort to put in place smart growth criteria to guide investments of the state Infrastructure Bank and the allocation of affordable housing tax credit funds.
- AB 2838 (Hertzberg) in 2000 made numerous changes to the Local Agency Formation Commission law, strengthening LAFCO's powers to limit sprawling development and ensure the orderly extension of government services.
- SB 221 (Kuehl) in 2001 required local governments to include proof of adequate water supply as one condition of approving subdivision housing projects involving 500 or more residential units. SB 610 (Costa) expanded the requirement that public water systems prepare water supply assessments for large development projects and improve their long-term water supply planning studies. SB 497 (Sher) clarified provisions of the Subdivision Map Act relating to lot line adjustments and certificates of compliance.
- Governor Davis' Executive Order D-46-01 ordered the state Department of General Services to promote downtown revitalization by locating state buildings in central business districts to support smart growth patterns of development, and to lease facilities within easy access of transportation and affordable housing.
- The California Pollution Control Financing Authority has adopted a new \$2.5 million competitive Sustainable Communities Grant and Loan Program. To qualify, proposed specific plans, studies or projects must help reduce pollution hazards and the degradation of the environment within existing neighborhoods and communities; assist with revitalization of one or more economically distressed California neighborhoods; and promote infill development.

VI. CONCLUSION

The task of the Conference Committee is to choose an approach to begin to address California's growth and planning challenges, and to direct staff to return with options for implementing that approach.

APPENDIX: LESSONS FROM OTHER STATES

Twenty four states that have enacted some form of growth-related policies, or the one-third of the states that have some form of oversight role regarding regional land use planning and decisions. Despite different challenges and political traditions, these states have used tools that the conference committee may wish to explore, such as revised general plan and housing plan requirements, more targeted public investment priorities, and incentives to builders, consumers, and local governments to develop in existing urbanized areas and protect urban and rural green spaces. Examples of efforts in other states include:

Investment in existing developed areas

- Florida uses state and regional criteria that limit further urban encroachment into major protected areas, such as the Everglades. As a result, most cities in Florida are now expanding primarily within their own boundaries and becoming more compact in their development patterns. Land use efficiency in Florida's urban areas, such as in the cities of Naples and Palm Beach, is now better than in the environmentally-conscious San Francisco Bay Area. Using a different approach, Georgia has created regional Review Boards with the authority to overturn local land use decisions if they are not consistent with regional smart growth goals and targets.
- Tennessee, Maine and Wisconsin reward smart growth communities that meet their regional housing needs and achieve more compact and balanced land uses by giving them priority access to transportation, school, open space, and other infrastructure grants.
- Colorado has provided various funding mechanisms to encourage appropriate development, including a state income tax incentive of up to \$100,000 for each individual developer who cleans up brownfields in urban redevelopment and infill areas.

Reducing the need for costly new infrastructure

- Studies showed that continuing more sprawling development patterns would have cost Pennsylvania \$2 billion more over a 10-year period than a more compact pattern. The Governor of Pennsylvania received strong voter approval for his \$1 billion open space and agricultural bond, to be coupled with a \$1 billion urban revitalization bond, as two elements in that state's strategy to invest in more compact development and agricultural and open space protection.
- Maryland adopted a system of Priority Urban Investment Areas and priority Rural Conservation Areas that prioritize major spending in existing cities and select rural towns. Areas that do not meet minimum performance standards for efficient land use or land conservation cannot access state infrastructure funds. Companion incentive programs to promote urban housing revitalization and homeownership near job centers are credited with reversing capital and population flight from Baltimore and steering more private investment into older cities.

Maximizing the protection of farmland, open space and environmental quality

- Maryland, Florida, and Pennsylvania have all approved policies that link spending of open space funds to sprawl prevention strategies, as has Ohio's \$400 million watershed protection measure, and a \$1 billion New Jersey open space bond.
- Florida uses a state-administered surcharge on the document transfer tax to fund a combined Housing and Open Space Trust. Twenty other states have some form of Housing or Open Space Trust, with a dedicated source of revenue.

Creating greater choice and opportunities for all residents

- Massachusetts used federal funds from the Department of Housing and Urban Development and the Environmental Protection Agency to help provide computer-mapping analysis of current land use plans for all of its 315 towns. Additional grants were then provided to assist all towns in their updating of plans, contingent upon adopting a better balance of housing and jobs, identifying sites and resources for affordable housing, and adopting open space protection measures. Like Maryland, they also established a university-based resource center to help local governments design and adopt smart growth zoning controls.

More comprehensive planning to balance multiple objectives

- Oregon established a statewide system of land use planning in which cities and counties are required to adopt comprehensive plans according to standards and requirements set forth in state statutes, planning goals, and administrative rules. Plans that meet these criteria are "acknowledged" by the state Land Conservation and Development Commission, whose members are appointed by the Governor and confirmed by the Senate. The Department of Land Conservation and Development administers the land use planning statutes and policies, oversees grants, and provides technical assistance to cities and counties. The Commission adopted 19 statewide planning goals that provide the framework for the statewide program of land use planning; all land use plans must be consistent with these goals.
- Maryland established its Governor's Office of Smart Growth as an information clearinghouse for local governments, state agencies, planners, developers and concerned citizens. The Office also helps ensure that every state department and agency is acting in accord with established state smart growth principles.
- Colorado has created an Office of Smart Growth within the state Department of Local Affairs to designate areas in the state as "Colorado Heritage Communities." If two or more of these communities apply jointly, they are eligible to receive planning grants if critical planning issues are addressed, including land use and development patterns, transportation planning, mitigation of environmental hazards and energy use. The state has also developed procedures for municipalities to voluntarily resolve conflicts over planning issues.